

Slide 1 – Annual General Meeting 2021

Slide 2 – Thérèse Esperdy, Chair

Good afternoon and welcome to our 2021 Annual General Meeting. I'm Thérèse Esperdy, Chair of Imperial Brands – thank you for joining us today.

Given that the risks associated with the COVID-19 pandemic are still very much with us, we are hosting a virtual meeting, with all Board members participating remotely from individual locations.

COVID has placed unprecedented demands on Imperial and, on behalf of the Board, I would like to thank all our employees for the tremendous job they have done to keep the business going in such challenging times.

Slide 3 – The Board

The Board itself has undergone significant change over the past 12 months.

In the final quarter of the last financial year, we were delighted to welcome Stefan Bomhard as our new CEO and Pierre-Jean Sivignon as a Non-Executive Director.

In the same period, we announced that CFO Oliver Tant would retire once a suitable successor has been found. That recruitment process is progressing well and we will update shareholders when an appointment is made.

We were also very pleased to welcome two additional Non-Executive Directors to the Board, with Bob Kunze-Concewitz joining in November and Alan Johnson joining in January.

The new composition of the Board provides additional skills and expertise that will be instrumental in strengthening performance in the years ahead.

Slide 4 – Our Transformation to Unlock Value

We are all aware that Imperial has not delivered the required results in recent times.

We are committed to changing that, with a new strategy and five-year plan that will transform the business and unlock value.

We explained how we will deliver this at a capital markets event last week.

There will be a renewed focus on our five most important tobacco markets and a more measured and disciplined approach to NGP.

We are also changing our culture and ways of working to support the new strategy, embracing our challenger mindset and empowering our people to do their best work.

Before handing over to Stefan to take you through our new strategic focus in more detail, I'd like to make a few comments about the resolutions you will be voting on later.

It is clear that there is strong shareholder feedback on two areas – our Remuneration Report and Board Diversity.

In terms of the Remuneration Report , the principal point at issue for some shareholders and some proxy voting advisory services was the level of Stefan's base salary.

It's important to understand how this salary was determined.

We were searching for a CEO with very specific skills and expertise, someone who was already CEO of a listed business and who had significant consumer goods sector experience.

We also wanted someone with a track record of transforming a business and creating value for shareholders.

From a leadership perspective, we were looking for someone with sound ethics and integrity, who would be a good cultural fit for the business.

In our view Stefan was distinctive in fully meeting our exacting brief, with the specific combination of skills and capabilities we need to set Imperial back on a path of creating long-term shareholder value.

Stefan's salary was determined by the Remuneration Committee after taking into account a variety of relevant pay comparisons with other companies of a similar size, complexity and market capitalisation, as well as the remuneration of Imperial's previous CEO.

We believe Stefan's base salary is appropriate and his appointment has received strong support from shareholders. We believe he is absolutely the right CEO to successfully lead us through the new strategy and business plan.

Diversity is a subject that's very important to me and I can assure all shareholders that Stefan and I are committed to having a diverse and inclusive organisation.

Imperial has a strong track-record of gender diversity on its Board. For three quarters of our last financial year we had over 40 per cent female representation - and we are the only FTSE100 Board with a female Chair and Senior Independent Director.

Having said that, I recognise that the recent and necessary changes we have taken to strengthen the skills and experience of the Board have temporarily adversely affected Board gender diversity.

It is important to stress this is a transitional issue as we continue to refresh the Board, and there will be further appointments this year that will enhance the Board's diversity.

In terms of the wider business, we recently completed our first global diversity and inclusion survey, and the results will help shape our new culture and ways of working.

Diversity is a key element of our ESG agenda and Imperial's ESG Steering Committee was established last year to provide greater oversight of the way we address our ESG priorities and measure progress.

We will continue to engage with shareholders on both these important issues, as well as the wider governance and performance of Imperial, and we will ensure that this engagement remains open and transparent at all times.

Let me now handover to Stefan....

Slide 5 – Stefan Bomhard

Thank you Thérèse and good afternoon everyone.

Slide 6 – Strategic Review – Approach

Before getting into the detail, let me share some background on our strategy work.

The first point to make is that this strategy has been defined by Imperial for Imperial.

The approach has been rigorous and internally driven, only using targeted external specialist support in specific areas.

We consulted extensively with stakeholders, particularly shareholders, employees and customers.

We also considered our sustainability and ESG responsibilities, concluding that both are aligned to – and underpin - our new business strategy.

The process has been fact-based, with decisions underpinned by data and consumer insights.....and throughout, we adhered to four clear guiding principles.

First, co-creation - the strategy has been developed with the senior leadership team and reflects feedback from our employees; this is not something that's been purely borne out of Executive Committee thinking.

Second, we have focused on how to leverage our strengths.

Third, acknowledging the mistakes of the past and how we can learn from them and not repeat them.

And finally, we have evaluated ALL options to create value.

These guiding principles have enabled us to clearly define our future focus and identify areas where we have a right to win.

Slide 7 – Strategic Review – Areas for Improvement

Although the fundamentals of Imperial are sound, there are a number of areas where we need to improve.

Our tobacco share performance has been disappointing for a number of years, with a lack of focus on our most valuable markets.

NGP has also disappointed: the vapour business expanded too quickly and too broadly, with little consumer validation and poor investment decisions. There was also insufficient focus on heated tobacco.

Performance management was limited, which led to a lack of agility and responsiveness to market dynamics. Also, data and consumer insights were not fully leveraged.

Unsurprisingly, this created a weakness in the company's capabilities and culture, and our ability to deliver.

There's also been little focus on the consumer; our central marketing expertise is underinvested and there is a lack of consistency in utilising data and insights to underpin decisions.

So, some very clear areas to target as part of our drive to transform Imperial. As you will appreciate, given some of the issues identified, this will take time but we have developed a compelling five year plan, centred around three strategic pillars...

Slide 8 - 5-year plan

....first, a focus on priority combustible markets, second, driving value from our broader market portfolio and, third, building a targeted NGP business.

For our priority combustible markets – the US, UK, Germany, Spain and Australia - we will increase investment, with a focus on clearly defined strategic levers to unlock value.

For the broader portfolio, we will manage markets more efficiently, implementing global processes and sharing best practice.

Through this approach, we will identify markets that offer the best growth potential and selectively rationalise those that offer limited value.

In NGP, we will be taking a different approach: more targeted and disciplined driven by local consumer preferences.

We will focus investment on heated tobacco in Europe and on vapour in the US.

Slide 9 – 5-year plan

In order to deliver this plan, we are changing our ways of working and culture.

We will become a truly consumer-centric company, putting the consumer at the centre of all our decisions - and to achieve this we will need to develop new capabilities and address consumer needs.

We are embedding a performance-based culture, one that holds our teams to account and rewards teamwork.

Our ways of working will be fact-based and collaborative, driven by a challenger mindset to motivate our people to deliver a higher level of performance.

We will invest in talent and create a more diverse and inclusive environment for employees to do their best work.

Finally, we will simplify our operations, driven by efficient global processes, underpinned by technology, with a performance management framework that demands accountability at all times.

Slide 10 – Opportunity to Differentiate

This is a comprehensive plan for change that provides the opportunity for Imperial to differentiate its approach from both its past and from its peers.

There is a theme of focus running throughout this slide.

I want us to focus on selective battlegrounds and be more targeted with our investment.

Becoming truly consumer-centric requires us to relentlessly focus on the consumer and ensure we meet their needs at all times.

And by virtue of our size versus our peers, we can become a successful fast follower – providing consumers with quality and choice in established categories.

We are embracing our smaller size to become faster, more agile and responsive in our decision making, and we are beginning to create a culture that is very different from the past.

A culture that challenges and does not tolerate siloed behaviour and is open to change and collaboration.

These changes to our culture and ways of working underpin my confidence in our ability to deliver a step change in performance.

Slide 11 – What our strategy will deliver

Over time, the strategy will deliver a stronger business with a sharper focus behind tobacco and with clearly defined roles for its markets.

Our commitment to harm reduction will be evident through our new targeted and more disciplined NGP business.

We will have an energised and motivated organisation that is focused on meeting consumer needs with a culture that is collaborative, agile and focused on delivery.

We will deliver stronger, more consistent revenue growth and generate sustainable profit growth that does not require a margin reset in the short term.

And our continued strong cash generation will provide funds to support the implementation of the strategy, debt reduction and returns to shareholders.

Slide 12 – Investment case

This new strategy and plan creates a very different investment case for Imperial Brands.

Our revitalised tobacco business will be the most significant contributor to value creation over the next five years.

Our NGP business provides an additional opportunity for growth – and with better prospects for success.

We have a significant upside from self-help initiatives through operational excellence and performance improvement... and this is just doing the basics better.

And we have a motivated team of employees, who are ready and willing to embrace these changes to make this a successful business we can all be proud of.

Most importantly, the business remains highly profitable and cash generative, underpinning enhanced returns for shareholders over time.

That concludes my strategic overview; the full capital markets presentation is available on our corporate website, along with a recording of the event that includes a question and answer session.

Thank you – back to Thérèse.

Thank you, Stefan. The Board is excited by this new strategic direction and we look to the future with renewed confidence.

We will now deal with the 24 resolutions highlighted in the Notice of Meeting.

I intend to take questions in respect of all resolutions now and then ask you to vote on all resolutions collectively, rather than propose each resolution in turn.

We've had a number of questions submitted already, which Company Secretary John Downing has collated.

You can still submit questions during the next few minutes by clicking on the question icon on the navigation bar within the Lumi app.

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Type your question and click the submit button and please also include your name and which resolution your question refers to.

John – please go ahead with the submitted questions.

Thank you for your questions. We will now proceed to vote on the resolutions.

All resolutions are decided by polls and our registrar, Equiniti, is present as the polls' scrutineer to count the votes at the end of the Meeting.

The Directors are unanimously in favour of each resolution and recommend that you vote in favour.

I now formally propose that each of the resolutions set out in the Notice of Meeting is put to the meeting as a separate resolution.

All votes cast by proxy prior to the meeting will be included in the poll votes counted.

The proxy votes received prior to the meeting are now being shown on the screen.

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Ladies and gentlemen, that completes today's agenda.

The results of today's voting will be announced on our corporate website as soon as possible.

We appreciate you attending today's meeting; please stay safe and well. Thank you and goodbye.